

Message Text

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47

ACTION AGR-08

INFO OCT-01 ARA-06 IO-11 ISO-00 STR-04 TRSE-00 EB-07 SSO-00

INRE-00 NSCE-00 USIE-00 CEA-01 CIAE-00 COME-00 DODE-00

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 ITC-01 PRS-01 SP-02

FEAE-00 OMB-01 /094 W
----- 113687

O R 081650Z APR 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 4950

INFO USDEL MTN GENEVA

USMISSION GENEVA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

USMISSION USEC BRUSSELS

USMISSION USOECD PARIS

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PASS AGRICULTURE, STR, AND TREASURY

E.O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJECT: EXPORT TARGET PRICE SYSTEM

REF: (A) BRASILIA 2847 (B) BRASILIA 2890 (C) BRASILIA 2987
(D) STATE 83463

1. FOLLOWING IS RESPONSE TO REF D BASED ON WHAT IS KNOWN AT
THIS MOMENT. AS WAS REPORTED IN REF C MANY SPECIFICS OF NEW
EXPORT TARGET PRICE SYSTEM NOT YET DECIDED ON BY GOB.

2. THE EXPORT TARGET PRICE SYSTEM WOULD REMAIN IN EFFECT
UNTIL FEB. 28, 1977. NEW TARGET PRICES WILL BE SET EVERY
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30 DAYS OR AT TIME OF CRUZEIRO DEVALUATION--WHICHEVER COMES

FIRST. TARGET PRICE WOULD ALWAYS BE SET AT LEVEL WHICH WOULD GIVE FARMER RETURN OF CR80 PER 60 KG. IN CASE INTERNATIONAL PRICE, CONVERTED TO CRUZEIROS BASIS FOB BRAZILIAN PORT WOULD RISE ABOVE TARGET PRICE, NEED FOR SUBSIDY WOULD AUTOMATICALLY BE ELIMINATED. THERE WOULD BE NO QUANTITATIVE LIMIT ON EXPORTS BUT DOMESTIC PRICE LEVEL WILL ADJUST.

3. SUBSIDY BASED ON DAY OF ACTUAL EXPORT SHIPMENT. SUBSIDY PAYMENTS DETERMINED PERIODICALLY, BUT SUCH PERIOD NOT YET DEFINED. SUBSIDY WOULD BE DIFFERENCE BETWEEN TARGET PRICE AT BRAZILIAN PORT AND INTERNATIONAL PRICE LEVEL ON DAY OF EXPORT SHIPMENT, BASED ON CHICAGO AND ROTTERDAM QUOTATIONS. ACTUAL EXPORT PRICES REALIZED BY SHIPPER WOULD NOT ENTER INTO CALCULATION OF SUBSIDY PAYMENT.

4. BRAZIL'S ABILITY TO EXPORT WILL BE ENHANCED UNDER EXPORT TARGET PRICE SYSTEM. TAX CREDIT SYSTEM APPLIED ONLY TO SOYBEAN OIL, WHEREAS NEW SYSTEM WILL APPLY TO BEANS, MEAL AND OIL.

5. CHANGE IN SYSTEM DOES NOT INDICATE CHANGE IN EMPHASIS. HOWEVER WE MAY EXPECT, BECAUSE OF BRAZIL'S RAPIDLY INCREASING CRUSHING CAPACITY RELATIVELY MORE MEAL AND OIL REACHING EXPORT CHANNELS.

6. EXPORT TARGET PRICE EQUAL TO CR\$80 PER 60 KG AT FARM-GATE AND ADDED TO IT THE FOLLOWING: ICM AND OTHER TAXES, PLUS STORAGE, TRANSPORTATION AND HANDLING EXPENSES, PLUS FINANCIAL COSTS, PLUS COST OF LOADING ON SHIP. SUCH BREAK-DOWN REPORTED IN EXTENSO IN A LETTER FROM AGATT TO J. RUDBECK, DATED 9 JANUARY 1976 WITH COPY TO FAS' A. HOLZ, OILSEEDS & PRODUCTS DIV.

7. TO DATE IPI-ICM TAX CREDITS FOR EXPORT OF SOYBEAN OIL STILL IN EFFECT, BUT AGMIN'S ADVISOR RUBENS VALENTINI ASSURED US THESE WOULD NOW BE DROPPED. WE STILL TRY TO OBTAIN INFORMATION ON INCOME TAX EXEMPTION IF ANY.

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8. THERE HAS BEEN NO MENTION OF CHANGE IN ICM TAXES ON SOYBEANS AND MEAL.

9. AS GOB DEVELOPS FIRMER DECISIONS ON DETAILS OF EXPORT TARGET PRICE SYSTEM EMBASSY WILL REPORT BY CABLE.
CRIMMINS

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Message Attributes

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Margaret P. Grafeld
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04 MAY 2006

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TAGS: EAGR, ETRD, BR
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Type: TE
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